

SENATE BILL 3137
By Dixon

AN ACT to amend Tennessee Code Annotated, Title 48, Chapter 2,
relative to the Securities Act of 1980.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 48-2-107(c)(1), is amended by deleting the first sentence of such subdivision in its entirety and by substituting instead the following:

A registration statement relating to a security issued by an open-end investment company or a unit investment trust, as those terms are defined in the federal Investment Company Act of 1940, shall specify an indefinite amount of securities to be offered in this state.

SECTION 2. Tennessee Code Annotated, Section 48-2-107, is amended by adding the following new subsection thereto:

() Any amendment to a registration statement which changes the name of the offering of securities shall pay a processing fee of fifty dollars (\$50.00) payable upon the amendment's filing with the commissioner.

SECTION 3. Tennessee Code Annotated, Section 48-2-123(a), is amended by deleting the words "Class E" in the first sentence and substituting the words "Class D".

SECTION 4. Tennessee Code Annotated, Section 48-2-122, is amended by deleting subpart (A) of subdivision (a)(1) in its entirety and substituting the following:

(A) "Sells a security in violation of §§ 48-2-104 -- 48-2-109, 48-2-110(f), or of any condition imposed under § 48-2-107(g), or any rule, or order under this part of which the person has notice;"

SECTION 5. Tennessee Code Annotated, Section 48-2-122, is amended by adding the following new subsection thereto:

() The legal rate of interest shall be that as provided by Tennessee Code Annotated, Section 47-14-121.

SECTION 6. Tennessee Code Annotated, Section 48-2-108, is amended by adding the following new subsection thereto:

In any case where the commissioner is authorized to issue a stop order denying, suspending, or revoking the effective registration of the securities of an issuer, the commissioner may impose a fine of five thousand dollars (\$5,000) upon the issuer of such securities for all violations arising from any single transaction.

SECTION 7. Tennessee Code Annotated, Section 48-2-115(f), is amended by adding the following new subdivision thereto:

() The commissioner is further authorized to participate, in whole or in part, in a Securities Registration Depository system, in cooperation with the North American Securities Administrators Association, other states, and the United States, to the extent the commissioner deems participation as being in the public interest and necessary for the protection of investors.

SECTION 8. Tennessee Code Annotated, Section 48-2-108, is amended by deleting subpart (2)(A) of subdivision (a) in its entirety and by substituting instead the following:

(2)(A) The registration statement, or any amendment under § 48-2-107 (as of its effective date or as of the date of an order denying effectiveness), or any report under § 48-2-107(i) includes any untrue statement of a material fact or omits to state a material

fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

SECTION 9. Tennessee Code Annotated, Section 48-2-121, is amended by inserting the language "offer," in the first sentence of subsection (a) between the words "the" and "sale."

SECTION 10. Tennessee Code Annotated, Section 48-2-102(2), is amended by deleting the subdivision in its entirety and by substituting instead the following new subdivision:

(2) "Agent" means any individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities from, in, or into this state. A partner, officer, director, or manager of a broker-dealer, or a person occupying similar status or performing similar functions, is an agent only if such person otherwise comes within this definition or receives compensation specifically related to purchases or sales of securities from, in, or into this state. "Agent" does not include such other persons not within the intent of this subdivision as the commissioner may by rule exempt from this definition as not in the public interest and necessary for the protection of investors.

SECTION 11. This act shall take effect July 1, 1996, the public welfare requiring it.

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